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Sent by email to james.rigby@xoserve.com, business.planning@xoserve.com

Dear James,

Consultation on the second draft of Xoserve's 2025-28 Business Plan

Thank you for the opportunity to respond to the above consultation. This is a non-confidential response on behalf of the Centrica Group.

In our response to the consultation on the first draft of Xoserve's 2025-28 Business Plan (BP25), we encouraged Xoserve to focus on improving delivery of Central Data Services Provider (CDSP) Services and on successfully and efficiently delivering the necessary investment. We raised concerns that activities outside of the CDSP's authorised remit may become a distraction that is not justified or necessary given the immediate need to focus fully on improving core service delivery. Other Customers provided similar feedback.

Despite Customer feedback, these issues have not been sufficiently addressed in our view. The second draft of BP25 does not reassure us that the immediate improvement in performance that is needed will be delivered. For example, it has not sufficiently explained how the additional resources included in the second draft will rectify the multiple significant service failures of the Data Discovery Platform (DDP) that have caused material Customer detriment. We do not consider the claim to be credible that Xoserve can be fully focussed on improving service delivery while also undertaking activities outside of the CDSP's authorised remit. We highlight the following:

- **Activities that are beyond the scope of the CDSP's current authorised remit should not be undertaken.**
- **Additional information on Project Trident should be provided.**
- **All aspects of current performance should be presented in the business plan.**
- **We disagree with some aspects of the independent assessor's view of compliance with the Business Plan Information Rules.**

As an industry we are reliant on Xoserve and need confidence in its ability to recognise and address core service issues. This is even more critical given the coming challenges of Project Trident, for which the most recent cost estimate is £72m.¹ BP25 presents the opportunity clearly to set the intention for service improvement and reliability, and we encourage you to improve the final draft to this effect.

Also, thank you for clarifying that activity during 2025-26 relating to Open Data in the 'CDSP Service Development' investment proposal will be only exploratory, and that the potential delivery of a solution will not be undertaken during the BP25 period.² The related investment proposal document refers to a CDSP Service Development strategy that was due to be published within the second draft of BP25 in November 2024.³ We would welcome visibility of this strategy, to provide additional context for the investment.

Activities that are beyond the scope of the CDSP's current authorised remit should not be undertaken.

We, again, raise concerns about Xoserve undertaking activities that are outside of the CDSP's authorised remit. The second draft of BP25 contains references to Xoserve exploring its credentials to becoming the Gas Network Code Manager (GNCM)⁴ and consolidating and digitalising the existing network code(s).⁵ These activities are beyond the CDSP's current authorised remit.

We are also aware that Xoserve is currently leading a working group that is developing policy on pre-payment meters, under the Vulnerability - Data Safeguarding Customers Working Group (SCWG).⁶ We support this work and support Xoserve's participation in the working group only within the scope of the CDSP's authorised remit. We support Xoserve's involvement as a third-party data services provider to the Retail Energy Code Company by, for example, providing the required gas metering data and any analysis requested. However, leading policy development on arrangements in the retail market is beyond the CDSP's current authorised remit.

If Xoserve intends to undertake these activities during 2025-26, we remind Xoserve that existing obligations in the gas transporters' Standard Special Conditions and in the Uniform Network Code (UNC) restrict the CDSP to delivering only CDSP Services, unless the Authority permits otherwise. Condition A15 of the gas transporters' Standard Special Conditions sets the boundaries of the CDSP's activities. Condition A15 states that the Relevant Gas Transporters must ensure that the CDSP is a company whose purpose is to provide CDSP Services (except

¹ BP25 second draft, page 19.

² Xoserve's letter to Centrica dated 21 November 2024. See: <https://bp25.xoserve.com/wp-content/uploads/2024/11/Xoserve-Response-to-Centrica-Draft-1-Consultation.pdf>.

³ Xoserve CDSP Service Development Investment Proposal, November 2024, [XSC4927-Xoserve-CDSP-Service-Development-v4A.pdf](#), page 3.

⁴ BP25 second draft, page 47.

⁵ Xoserve CDSP Service Development Investment Proposal, page 6.

⁶ The subgroup is a collaborative initiative aimed at improving outcomes for consumers in vulnerable circumstances. This group is focused on reforming how vulnerability data is recorded and shared across sectors, particularly in the energy and water industries. See: <https://ukrn.org.uk/app/uploads/2018/06/Making-better-use-of-data-identifying-customers-in-vulnerable-situations.pdf>.

where the Authority consents otherwise in writing). The Authority's decision not to include a de minimis provision in Condition A15 for consent for delivering non-CDSP Services reinforces the boundaries of the CDSP's activities.⁷ Section D 1.3 of the UNC sets out the process which the CDSP and the Relevant Gas Transporters must follow to seek approval from the Authority to modify the CDSP's current authorised remit.

Activities for preparing to become the Gas Network Code Manager are beyond the scope of the CDSP's current authorised remit:

In our response to the consultation on the first draft of BP25, we explained why Xoserve undertaking activities relating to becoming the GNCM are beyond the scope of the CDSP's current authorised remit. This matter does not appear to have been resolved in the second draft. The latest draft still refers to Xoserve exploring its credentials to becoming the GNCM. Your reply to our response to the consultation on the first draft of BP25 is silent on this matter even though it was highlighted in our response.

We maintain our view that Xoserve should undertake only those activities that are within the CDSP's authorised remit. The CDSP's remit was deliberately designed to, in part, protect Customers since they are fully exposed to the CDSP's performance risk. A mechanism is defined in the gas transporters' Standard Special Conditions that allows changes to the CDSP's remit to be proposed and, if deemed beneficial, approved.

Digitalisation and consolidation of the existing gas network code(s) should be Government- or Ofgem-led:

In your reply to our comments to the first draft of BP25, you state that activity with the Joint Office of Gas Transporters that is focussed on the digital consolidation of documents "...is to identify the benefits associated with combining code delivery documentation (e.g. UK Link Manual) with code documentation (e.g. the UNC and IGT UNC)".⁸ We cannot reconcile this statement with the material presented to the industry at the first meeting of the Xoserve and Joint Office Digitalisation Stakeholder Advisory Forum that was held on 22 October 2024. Among other things, Xoserve and Joint Office presented a project plan and governance structure for digitalising the existing gas code(s). The material presented in the meeting illustrated activity significantly beyond exploring the benefits you refer to. Rather, the material presented implicitly assumes that the benefits case had already been developed.

We do not support the digitalisation and consolidation of the existing gas code(s) at this stage unless those activities are Government- or Ofgem-led. Digitalisation and consolidation activities that are independent of any Government- or Ofgem-led initiatives are unlikely to be efficient. We encourage the CDSP to participate in the existing Ofgem-led code consolidation and digitalisation initiatives, such as the Cross Code Digitalisation Steering Group. This Steering Group is currently the only mechanism that can provide appropriate governance of the digitalisation and consolidation of industry documents and allows all code parties to be involved. We understand that Ofgem plans to outline a programme of work in 2025 under its coordination, as part of its implementation programme for code reform.

⁷ The Authority's decision on the statutory consultation to the gas transporters' new Standard Special Condition A15A. See page 4 of: <https://www.ofgem.gov.uk/publications/decision-new-standard-special-condition-a15a-central-data-service-provider-modification-ssc-a15-agency-and-other-consequential-modifications-gas-transporter-licence>.

⁸ Xoserve's letter to Centrica dated 21 November 2024, page 3.

Xoserve's energy code governance reform activities should be limited only to those necessary in its capacity as the CDSP:

The role of the CDSP places Xoserve in a position in which its input to the code governance reform programme could be helpful to the Authority. We support Xoserve providing that support. We also support the CDSP investigating activities it should undertake to support energy code governance reform in its capacity as the CDSP. In our response to the consultation on the first draft of BP25, we asked that Xoserve describes how it identified those activities that it considers to be 'no regrets' activities, the criteria used to identify those activities and the net benefits to Customers and consumers of those activities being undertaken in BP25. This information has not been provided. We, again, ask for greater transparency and that you provide the following:

1. **Criteria:** the criteria used to identify 'no regrets' activities.
2. **Assessment:** justification for the 'no regrets' activities to be undertaken.
3. **Expected benefits:** the net benefits to Customers and consumers of these activities.

Additional information on Project Trident should be provided.

We appreciate the inclusion of outline information on Project Trident in the business plan. However, we believe that at this stage of the project it is essential that clear information is included detailing how you will enable Customers to engage with this multi-year investment project. This will be critical activity for the success of Project Trident, a significant undertaking, proposing a comprehensive transformation that will impact the entire industry. Particularly, Xoserve should explain in detail how Customers' views will be captured and incorporated, and how Customers will play an active role in the oversight of project delivery. The governance arrangements for project delivery, including project risk management, need to be agreed with Customers and documented. Xoserve must also ensure that it gathers Customers' feedback on previous projects and ensures that the lessons are fully incorporated into the design of Project Trident.

In your reply to our comments to the first draft of BP25, you distinguish between code documentation and code delivery documentation.⁹ It would be helpful if Xoserve provides a detailed explanation in the final draft of the Business Plan of why it considers digitalising code delivery documentation to be an 'efficiency' enabler for some phases of Project Trident.¹⁰ It may also be helpful to explain the activities that were discussed during the mid-year stakeholder event (e.g. enterprise architecture). It should be made clear where these activities are included in the business plan.

All aspects of current performance should be presented in the business plan.

In our response to the consultation on the first draft of BP25, we stated that the commentary and metrics in the draft do not provide a rounded and complete view of current performance. For example, that draft was almost entirely silent on relevant core service performance failures and the delayed delivery in other areas. There is limited improvement in the second draft of BP25 in this respect.

⁹ Xoserve's letter to Centrica dated 21 November 2024.

¹⁰ Xoserve's letter to Centrica dated 21 November 2024.

The review of performance metrics should be progressed as quickly as possible:

The presentation of the current levels of performance in the business plan is limited to pre-defined metrics.¹¹ We welcome your acknowledgement that the current suite of metrics is no longer adequate for measuring and reporting performance,¹² especially since we encouraged Xoserve to review the suitability of the metrics in 2023.¹³ We welcome that Xoserve will now review the suitability of the metrics and update them where appropriate.¹⁴ We are eager to participate in this review, to provide insight about how the metrics can be revised to illustrate performance in all areas that are important to Customers.¹⁵ It is also important that the revised performance metrics fully accommodate Xoserve's evolving role as a contract assurance and third-party management entity. We encourage Xoserve to prioritise this activity, provide transparency on progress and to be specific about the schedule.

A rounded and complete view of current performance should be presented in the business plan:

We acknowledge that it may be convenient to rely on the current suite of metrics to illustrate performance. However, the Business Plan Information Rules (BPIRs) do not restrict how performance is conveyed: the BPIRs do not specify how current performance is presented. For business planning purposes, the distinction between the areas of performance that are and are not covered by the existing metrics is artificial. All relevant performance information, even if not covered by pre-defined metrics, should be included in the business plan.

A rounded and complete view of current performance is needed to assess the proposed steps to improve performance:

A disadvantage of not including a rounded and complete view of current performance is the difficulty involved in identifying whether the proposed BP25 activities can sufficiently improve the areas of poor performance. For example, the service failures linked to the DDP are not discussed. This means it is not clear whether the additional investment in the DDP is intended to prevent further Customer detriment, whether the DDP will be re-platformed¹⁶ to allow larger portfolio Customers to trade efficiently as originally intended¹⁷ or the investment is to be put to other actions. We consider this to be unsatisfactory, especially since the Performance Assurance Committee has issued a Request for Information¹⁸ given Customer detriment caused by the DDP failures. We expect Xoserve will have a plan of action that can be described in the final draft of BP25.

Another example of the difficulty involved in identifying whether the proposed BP25 activities can sufficiently improve the areas of poor performance relates to the proposal to commit additional

¹¹ The pre-defined metrics are in pages 20-46 of the BP25 second draft Annexe.

¹² Xoserve's letter to Centrica dated 21 November 2024.

¹³ Centrica's response to the consultation on the second draft of BP24.

¹⁴ BP25 second draft, page 28.

¹⁵ Xoserve's letter to Centrica dated 21 November 2024, page 2.

¹⁶ UNC DSC Contract Management Committee Minutes, 16 October 2024:
<https://www.gasgovernance.co.uk/sites/default/files/related-files/2024-11/Minutes%20DSC%20Contract%20Mgt%2016Oct24%201.0%20Final.pdf> item 3.3 DDP update, pages 6-9.

¹⁷ UNC DSC Change Management Committee Minutes, 12 July 2023:
<https://www.gasgovernance.co.uk/sites/default/files/related-files/2024-06/Minutes%20DSC%20Change%20Mgt%2012Jul23%20v1.0.pdf>, page 3.

¹⁸ UNC DSC Contract Management Committee Minutes, 20 November 2024:
https://www.gasgovernance.co.uk/sites/default/files/related-files/2024-11/Minutes%20DSC%20Contract%20Management%20Committee%20%2827%20November%202024%29_0.pdf, page 9.

resources to Enhanced Qualitative Assurance. Xoserve has not been clear about which area(s) of poor performance the additional resources are meant to correct or how the additional resources will improve performance. We are also unable to assess whether the additional expenditure is efficient.

We would like to understand the intended actions and outcomes of the additional resource. Therefore, Xoserve should be explicit about how the resources that will be employed during the BP25 period will correct under-performance. Particularly, the business plan should include a timetable for correcting the DDP service failures and milestones to track progress and facilitate accountability.

We disagree with some aspects of the independent assessor's view of compliance with the Business Plan Information Rules.

As we explained in our response to the consultation on the first draft of BP25, we disagreed with some aspects of the third-party assessment and provided explanation to support further review. These disagreements remain.

Section 4e of the BPIRs: Costs and expenditure:

The main difference in our assessment relates to compliance with the requirements to demonstrate the efficiency of the proposed expenditure. The requirements in section 4e of the BPIRs include the CDSP demonstrating that the level of resources it proposes are required to all proposed activities and commitments are efficient. Further, the CDSP is required to provide evidence of the efficiency of the proposed expenditure. The third party considers that the efficiency requirements have been met and that the draft of BP25 is fully compliant: both the 'fully compliant' and 'adjusted compliant' scores are 100%. This is inaccurate. We explain why below.

S&O Scope Changes and Reclassifications:

The first draft of BP25 did not include evidence of the efficiency of costs in this category. The second draft now includes information relating to these costs that is intended to show that these costs represent value for money, and Xoserve's 5E framework has been applied. However, the information provided does not include evidence of efficiency. Therefore, the requirements in section 4e of the BPIRs have not been met.

Investment Costs:

The business cases that were published as part of the first draft of BP25 did not include evidence of the efficiency of costs in this category. The revised business cases that have been published as part of the second draft also do not include evidence of efficiency. Therefore, the requirements in section 4e of the BPIRs have not been met.

Section 4f of the BPIRs: Allocation of Costs to Customer Classes:

The third party considers that the draft of BP25 is fully compliant: both the 'fully compliant' and 'adjusted compliant' scores are 100%. This assessment is also inaccurate.

The BPIRs require that the details of any assumptions and descriptions of the data relied on to derive the allocations are included in the CDSP Budget. The third-party assessor states that the Budget and Charging Methodology (BCM) states the assumptions. The BCM does not contain these assumptions. Rather, the relevant section of the BCM which you highlight relies on the

output from the CAM to operate. The third-party assessor and Xoserve also state that the cost allocation methodology file states the inputs considered in the model. We do not agree that the methodology contains descriptions of data relied on to derive the allocations.

Section 4b of the BPIRs: Current performance:

The third party considers that the draft of BP25 is fully compliant on an adjusted basis while there is 85% compliance with the baseline BPIRs. These degrees of compliance have been overstated.

As we explain above, and as you acknowledge in your reply to our response to the consultation on the first draft,¹⁹ the first draft did not provide a complete view of current performance. The second draft of BP25 also does not provide a complete view of current performance. It appears that the third party may have mistakenly interpreted that the BPIRs require only the inclusion of pre-defined performance metrics. This interpretation is incorrect.

The BPIRs do not specify how current performance is presented. Performance information, even if not covered by pre-defined metrics, should have been included in the business plan (as stated earlier in this response). This means that the degree of compliance has been overstated.

We hope you find these comments helpful. Please do not hesitate to contact me if you would like to discuss any aspect of this response with me and our team.

Yours sincerely,

Kirsty Ingham
Head of Industry Transformation and Governance
Centrica Regulatory Affairs, UK & Ireland

¹⁹ Xoserve's letter to Centrica dated 21 November 2024.
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